High P/E ratio of companies

2392. SHRI M.V. MYSURA REDDY: Will the Minister of FINANCE be pleased t state:

(a) whether it is a fact that some companies' Price Earnings Ratio shown have crossed 3 without fundamentals;

(b) if so, whether it is harmful'to the small investors when the shares are traded at sue high Price Earnings Ratio; and

(c) whether Government or Regulator has taken any action on high Price Earnings Rati companies?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) At Bombay Stock Exchange, out of total 3179 active companies 485 companies have price earnings ratio more than 30. At National Stock Exchange, out of 1212 listed companies 175 companies have price earnings ratio more than 30.

(b) and (c) Investment in equity market is subject to market risk. Investors whether smal or big, have to take informed investment decisions based on their own understanding of the market. The authorities do not try to manage or control movement of stock indices. The; have put in place systems and practices to promote a safe, transparent and efficient marke and to protect market integrity. SEBI keeps a constant vigil on the market, irrespective of th levels of the indices and has taken action wherever warranted.

Imposition of income-tax on co-operative institutions

2393. SHRI KANJIBHAI PATEL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government has imposed income tax on the incomes of co operative Institutions;

(b) if so, from which date;

(c) whether Government has received representations requesting to exclude co-operativ institutions from imposition of the income tax; and

(d) if so, the details thereof and Government's reactions on such representations?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S PALANIMANICKAM): (a) and (b) Yes, Sir. *vide* the Finance Act, 2006, the deduction available under Section 80P of the Income-tax Act to cooperative banks has been withdrawn However, Primary Agricultural Credit Societies (PACS) and Primary Co-operatjve Agricultun and Rural Development Banks (PCARDs) continue to enjoy this tax benefit. The amendmen is effective for assessment year 2007-08 (relevant to financial year 2006-07) and subsequen assessment years.

(c) and (d) The Government has received various representations from Members o Parliament, Union Ministers, State Ministers, various stake-holders and representative bodie against withdrawal under Section 80P of the Income-tax Act, 1961. In the representations, request has been made to restore the tax benefit under Section 80P of the Income-tax Act t< all the cooperative banks.

Upon consideration of the representations, the Government has not found it feasible t< accept the request made therein.